

CHIP APPLICATION SUPPLEMENTS

THIS APPLICATION SUPPLEMENT IS DESIGNED TO ASSIST IN APPLICATION PREPARATION, BUT IT IS NOT A SUBSTITUTE FOR READING THE APPLICANT'S MANUAL AND OTHER APPLICABLE LAWS AND REGULATIONS IN THEIR ENTIRETY.

Program Strategy

1. Amount of “other” or “leveraged” funds:

Specification of amount of “other” or “leveraged” funds on a per project basis for each activity proposed.

2. Local Partnerships:

Letters from each partner signed by an official of the agency or organization that serves in a capacity to commit to the partnership clearly setting forth the nature of the partnership and the role of the partner. Letters of general support for the application are not considered commitments of partnership. Letters from bank or other public or private financial institution partners should include the terms and commitments of the lending institution partner. Letters from non-profit organization partners such as homeownership counseling agencies should also clearly set forth the role of the organization(s) and their specific commitment to the CHIP program.

3. Long Term Commitment to Affordable Housing:

Details regarding the applicant’s commitment to affordable housing should include strategic plans developed and adopted by the community; details regarding other federal, State and local housing programs implemented or applied for in the community; the applicant’s plans for administration of the CHIP program, if funded; and the role of the applicant community if the applicant plans to engage a third party to administer the CHIP program.

4. Innovation:

Documentation to support any innovative features must be included with the application.

5. DCA-Designated or HUD-Approved Revitalization Area

A copy of the DCA Application (Form DCA-14)/DCA Designation must be included with the application if the community is applying for a CHIP Revitalization Area Set-Aside. A copy of the HUD approval of any HUD-Approved Revitalization Area must be included with the Set-Aside application. Any applications under the CHIP Revitalization Area Set-Aside must include copies of the appropriate approvals of either DCA or HUD revitalization areas.

Program Feasibility

1. Program Design:

While not mandatory, please provide copies of the following:

- ◆ CHIP pre-application or full application and any other documentation to support the basic program design including verification of any commitments made in the application such as homeownership counseling, property inspections, and code enforcement.
- ◆ For down payment assistance projects planned for an existing or planned subdivision, documentation as to the current status of the subdivision's infrastructure including whether or not the streets are paved and who will be responsible for paving the streets; current build-out percentage of the subdivision and other documentation in support of infusing CHIP down payment assistance into the development.
- ◆ For down payment, closing cost or second mortgage assistance projects for the purpose of assisting a low income person or family acquire a home, the applicant should acknowledge their understanding of the HOME (CHIP) program requirements regarding projects that are or have been tenant occupied. Specifically, these requirements based on the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 include:
 1. CHIP applicant households cannot enter into binding sales contracts and therefore cannot purchase properties that are tenant occupied at the time of purchase negotiations;
 2. The seller must provide a certification prior to executing a sales contract or option to purchase contract setting forth either that either: a) no tenants have occupied the property for a period of one year prior to the date of purchase or option to purchase date; or b) the property was occupied by a tenant or tenants within the past one year prior to the date of the purchase offer or option to purchase contract, but the tenant or tenants were not asked to move in order for the seller to participate in this HOME (CHIP) program. The certification must also include the reason that the tenant or tenants moved such as evicted for cause, voluntarily moved to another location or some other reason such as "tenant deceased."
- ◆ For down payment, closing cost or second mortgage assistance projects for the purpose of assisting a low income person or family acquire a home, the applicant should acknowledge their understanding of the HOME (CHIP) program requirements regarding the "Notice to Seller." These requirements are also based on the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. The Notice to Seller must set forth:
 1. A signed statement that the purchaser does not have the power of eminent domain and, therefore, will not acquire the property if negotiations fail to result in an amicable agreement; and,

2. A statement that the State Recipient (City or County) has determined the estimate of fair market value of the property being acquired and apprising the seller of that estimate.

The financing techniques need to be supported by setting forth a maximum CHIP amount and the minimum required other funds by each activity.

Any special commitments by third parties to the construction management of the program need to be documented with letters of commitments from an official of the organization or agency with the authority to make the commitment.

Any special design aspects should be well documented with preliminary plans and specifications, floor plans, site plan, and elevations, if available.

For homeowner rehabilitation projects and homebuyer assistance projects, the applicant should acknowledge their understanding of the HUD regulations at 24 CFR Part 35 regarding lead-based paint requirements. The purpose of the regulation is to identify and address lead-based paint hazards before children are exposed to lead. The regulations set forth four approaches to addressing lead-based paint in HOME (CHIP) funded projects. including: 1) do no harm; 2) identify and stabilize deteriorated paint; 3) identify and control lead-based paint hazards; and, 4) identify and abate lead-based paint hazards. Basically, for CHIP homeowner rehabilitation projects and homebuyer projects the following chart sets forth the basic requirements:

Homeowner Rehabilitation					Homebuyer
Amount of Federal Assistance		< \$5,000	\$5,000 - \$25,000	>\$25,000	ANY Amount
Approach to Lead Hazard Evaluation and Reduction		DO NO HARM	Identify and Control Lead Hazards	Identify and Abate Lead Hazards	Identify and stabilize deteriorated paint
Notification		YES	YES	Yes	YES
Lead Hazard Evaluation		Paint Testing For surfaces to be disturbed only	Paint Testing and Risk Assessment	Paint Testing and Risk Assessment	Visual Assessment
Lead Hazard Reduction		Repair Surfaces Disturbed During Rehabilitation	Interim Controls	Abatement (Interim Controls on Exterior Surfaces not Disturbed by Rehabilitation)	Paint Stabilization, Safe Work Practices, Clearance
Clearance Requirement		Clearance of Work Site	Clearance of Unit	Clearance of Unit	YES

The HUD Lead Safe Housing Rule at 24 CFR Part 35, can be viewed at the following web site: www.hud.gov/offices/lead/leadsaferule/LSHRFinal21June04.rtf. Or additional information/clarification can be obtained by contacting the DCA Office of Community Development at (404) 679 – 3167.

2. Cost control and cost reasonableness:

The total cost to complete each activity needs to be fully supported in order for the review team to determine the reasonableness of the cost. For example, on down payment assistance applications, supporting documentation could include letters from real estate firms within the community documenting the cost of homes in standard condition on the market for sale. In regard to homeowner rehabilitation, documentation to support the planned total rehabilitation costs on a per unit basis, exclusive of the cost of lead hazard control, should be included with the application. Such documentation could include the rehabilitation cost of homes recently rehabilitated in the same general market area or in a neighboring community.

3. Resource Commitment:

For each funding source committed to the CHIP program, a letter setting forth the commitment must be included in the application. If local funds are committed, a letter from the chief elected official setting forth the commitment must be included with the application. The amount of funds committed should be included in each letter. However, if a lender partner is unable to refer to an amount of funds, the letter should clearly set forth the lender's financial commitment and any special terms and conditions being offered.

4. Program Marketing and Demand:

If the application sets forth that there is a waiting list for any CHIP activity, a copy of the waiting list for each activity should be included with the application. Any special marketing material already designed for the program should also be included with the application. Other documentation in support of the demand for the specific activity(s) applied for should be included in the application.

5. Conflict of Interest:

Any potential conflicts of interest should be included in the application and specifically set forth on the DCA-10 form.

6. Other Requirements for CHIP Rental Housing Applications:

Any CHIP application for single family or multifamily development should include an affordability analysis; letters of commitments for the project interim and permanent financing; identification of the development team; unit, site and neighborhood characteristics, project development budget, sources and uses of funds statement; a pro forma operating budget; and a detailed management plan setting forth the long term management and monitoring plans in keeping with the HOME (CHIP) requirements. For

technical assistance in developing a CHIP application for single family or multifamily development, please contact the Office of Community Development at (404) 679-3167.

7. In regard to additional information required in support of each of the application forms, please note the following:
- a. DCA 1 – This form requires that maps be included in the application if the CHIP program is site-specific or is targeted in an area or neighborhood.
 - b. DCA 1 – This form requires that the resolution from the governing body of the applicant be included setting forth the local government's intention to apply for CHIP and setting forth the person authorized by resolution to submit the application.
 - c. DCA 4 – This form requires that the demand for the proposed activities be fully documented.
 - d. DCA 5 – This form requires the additional information listed in number 6 above if your community is planning a housing development project for homebuyers or renters.
 - e. DCA 5 – Instructions to this form encourage the applicant to solicit reviewing agency comments at the outset and, as necessary, to incorporate reviewing comments into the application narratives, engineering reports, etc. Comments and/or documentation of conformance with the locally adopted Comprehensive Plan required by the Georgia Planning Act, the community's Service Delivery Strategy per House Bill 489, historic preservation compliance and other market studies to adequately and thoroughly address feasibility and strategy questions are encouraged.
 - f. DCA 5 – This form requires the inclusion of a project implementation schedule with the description of activities.
 - g. DCA 7 – This form requires documentation of the commitments from other federal, state or local loans or grants or private lender or other private commitments.
 - h. DCA 8 - This form requires the inclusion of quantifiable data and supporting efforts for the proposed program. Therefore, this form should include credible estimates of program costs prepared by individuals and agencies qualified to provide them.
 - i. DCA 8 – This form requires that a summary of the funds allocated for each activity and additional detail should be included in architectural or engineering reports or other data or material to document the unit costs.
 - j. DCA 8 – This form requires the inclusion of clear commitments of other actions in support of the CHIP program such as letters of commitment from the

organization providing code enforcement, inspection services, homeownership counseling or other support efforts.

- k. DCA 10 – This form requires as an attachment a description of any possible conflicts of interest and the required governing body resolution.
- l. DCA 12 – This form requires CHIP applicants proposing site specific projects or projects targeted in an area or neighborhood to include maps. Please see the map requirements as set forth in the manual under Part VI, Instruction for Completing the Application Forms.